

*East-Indies, Company of English
Merchants trading to.*

*1102. L. 5.
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S T A T E

OF THE

EAST INDIA COMPANY'S AFFAIRS,

WITH

A View to the intended Bill for regulating the
Dividend, *December 1767.*



L O N D O N :

Printed in the Year MDCCLXVIII.

W. Musgrave.



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A GENERAL VIEW of the EAST-INDIA COMPANY'S AFFAIRS as presented to the House of Lords, when each Article was read.

Dr.			
EAST-INDIA Company's Debts, as stated by the Directors, 16th May 1767,	—	—	£. 6,004,145
The Company's Capital (nominally £. 3,200,000, really £. 2,800,000)	—	—	2,800,000
		—	<u>£. 8,804,145</u>
		Total Debts,	<u>£. 8,804,145</u>

The Revenues in the Company's Possession, their Title to which has been disputed, are on that Account not considered in the Valuation or Estimate of the Company's Effects on the other Side.

They amount in the Soubahship of BENGAL, according to an Account just received by the <i>Cruttenden</i> (exclusive of the £. 100,000, which the Company claim under an older Title) clear of Deductions and of military Charges, to				—	—	—	£. 1,622,747
The Five Northern Circars,				—	—	—	426,000
							<u>£. 2,048,747</u>

But if the annual Payment of £. 400,000 proposed to be made to Government is accepted, the Company's Title to the Remainder, which will be £. 1,648,747 *per Annum*, being ratified by such Agreement, that large Revenue, for the Term agreed at least, may, it is apprehended, be properly added to this Account. *Inde*, for two Years, £. 3,297,494.

... AFFAIRS, as printed in *June* 1767, and produced at the Bar of
 ... Article was supported by full Evidence.

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EAST-INDIA Company's Credits and Effects in ENGLAND, as stated by the Directors, 16th
 May 1767, — — — — — £ 4,379,989

Since which Time Six Ships have arrived from INDIA, viz. the *Speke*, *Prince of Wales*, and
Havanah, from CHINA, the *Royal Charlotte* from MOCHA, the *Asia* from BOMBAY, and
 the *Cruttenden* from BENGAL, the Cargoes of which, after deducting Freight, Customs,
 and all Charges, are valued at — — — — — 378,822

To which is to be added, Quick-Stock in INDIA, according to the last Advices, viz.
 FORT ST. GEORGE, 31st December, 1765, — — — — — 1,482,970
 BENGAL, 24th November 1766, remains, after deducting £. 581,297 for the
 Value of Fortifications and Buildings, and the Cargo of the *Cruttenden*, — — — — — 957,810
 BOMBAY, 23d November 1766, — — — — — 1,149,930
 BENCOOLEN, 17th April 1766, — — — — — 103,939
 CHINA Quick-Stock, remaining after the Cargoes of the Fourteen Ships of this
 Year are paid for, — — — — — 528,980
 Part of the Cargoes of Ships sent out in 1765, — — — — — 285,233
 And the whole Cargoes of 1766, — — — — — 490,140
 By Money imprest to Owners of Ships £. 54,000, — Ships and Sloops built
 £. 10,000, so estimated last Year, and generally the same, — — — — — 64,000
 Dead-Stock in INDIA, usually estimated in the annual Accounts at the Price
 paid for it in 1703 — — — — — 400,000
 Warehouses, &c. in ENGLAND, — — — — — 40,000
 ————— 5,503,002

But the Fortifications in INDIA are estimated to have been worth, in 1750,
 £. 371,510, and there has since been expended on them £. 1,058,226,
 besides which there are other Buildings estimated at £. 328,414, which
 Sums together make £. 1,758,150, from which deducting the £. 400,000,
 mentioned in the annual Estimate, and £. 127,663 for the Costs of the
 Fortifications of FORT ST. DAVID's, which are destroyed, there remains
 £. 1,230,487, — suppose these Articles to be now estimated at Half that Sum, 615,243

REVENUES from LANDS and CUSTOMS, the Title to which is not
 disputed, viz.

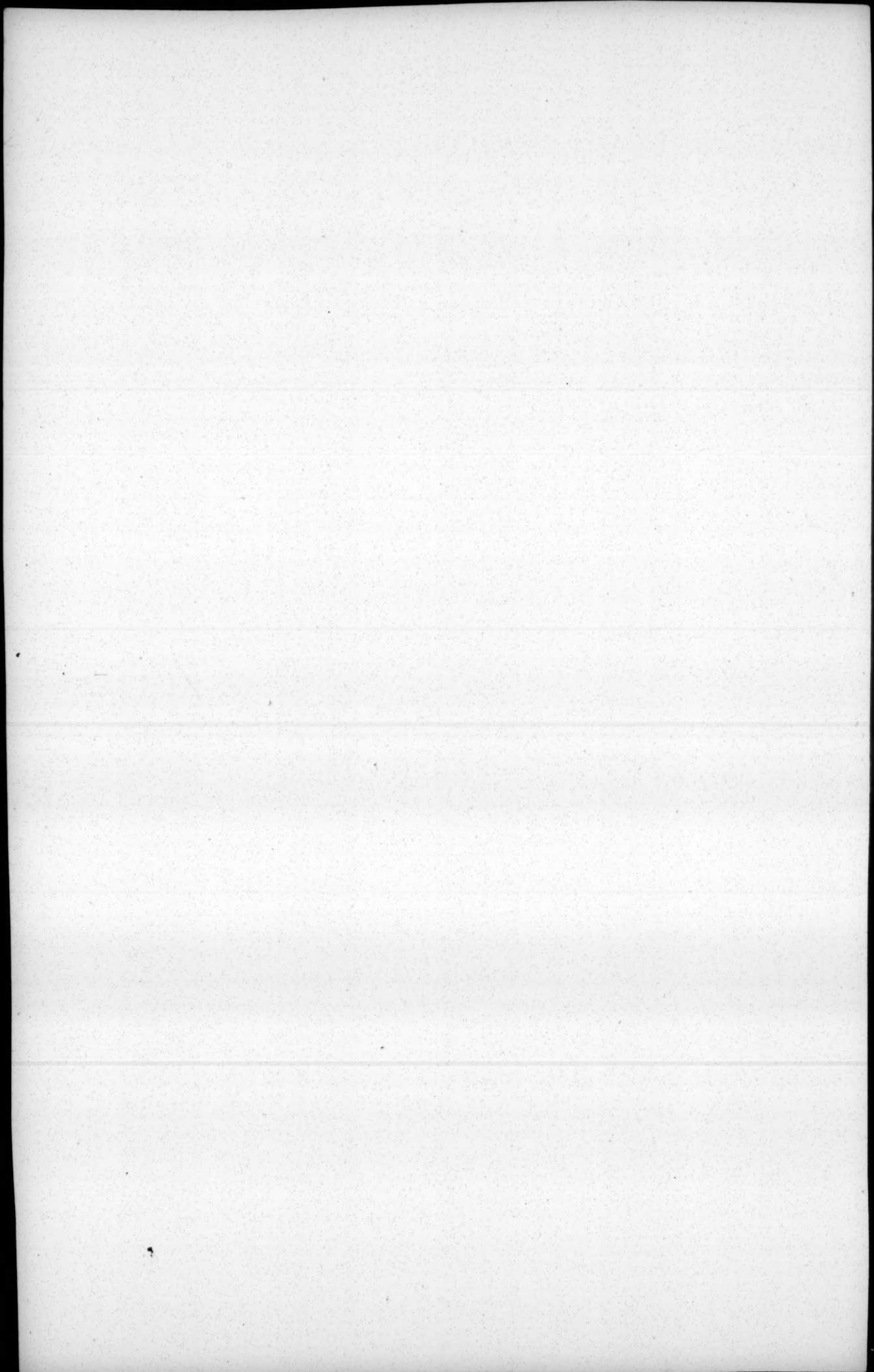
On the Coast of COROMANDEL, and on Grant from MAHOMED
 ALY CAWN, &c. on a Medium of the Three last Years, — 261,000
 BENGAL, under a Grant from the Emperor FURUCHSIEH in
 1716, about — — — — — 100,000
 BOMBAY, under the same Title by which the Company holds
 the Settlement itself, — — — — — 74,000
 FORT MALBRO' and ST. HELENA, — — — — — 4,000
 —————
 Total Annual Produce, — — — — — 439,000

Estimated at Five Years Purchase, — — — — — 2,195,000
 Neat Produce of Nineteen homeward-bound Ships, expected to arrive before
Christmas, viz. Eleven from CHINA, Four from BENGAL, and Four from
 FORT ST. GEORGE and BOMBAY, as estimated by the proper Officers,
 after deducting Freight, Customs, and all Charges, — — — — — 1,438,946
 ————— 4,249,189

Total of Effects, 14,511,002
 Deduct the Debts on the other Side, 8,804,145

Clear Surplus, 5,706,857
 Add the Profit of Two Years Revenue, from the other Side, 3,297,494

Ballance to the Company, after repaying the Capital, £. 9,004,351



S T A T E

OF THE

EAST INDIA COMPANY'S AFFAIRS,

WITH

A View to the intended Bill for regulating the
Dividend, *December 1767.*

BY an Account given in to the House of Commons, 16th *May* 1767, it appears, that the Company were possessed of Effects in their Warehouses in *England*, sufficient to pay all their Debts due in this Country, except 1,624,156 *l.* all of which Sum, and more, had been long ago converted into circulating Bonds. The Debt due by Government to the Company is 4,200,000 *l.* and the Company owes under their Common Seal, to Annuitants 2,992,440 *l.* and for circulating Bonds - - 2,898,124 *l.* Total 5,890,564

So that the Surplus due on Bonds
above what the Government owes,
is - - - - - 1,690,564

And as the above Balance is only 1,624,156

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It therefore appears by this Account,
 that the Company had Effects in
England intended for Sale, sufficient
 to pay all their simple Contract, or
 Book Debts, and to extinguish of
 their Bonds to the Amount of - - £. 66,308

It is proposed, we are told, by Government, that
 the Company shall not be allowed to divide $12 \frac{1}{2}$ *per*
Cent. till they have paid off, not only their simple
 Contract, or Book Debts, but the whole of their
 Bond Debts, so far as these Bonds, with the Annu-
 ities, exceed the 4,200,000 *l.* due by Government :
 and, for answering this Purpose, a Bill, it is said, will
 be brought into Parliament, for limiting the Divi-
 dend on the Stock to 10 *per Cent.* till that Event
 shall have taken Place.

It would seem, that the only wise and just Mo-
 tives which can be assigned, for the Interposition of
 Parliament upon this Occasion, supposing it a
 constitutional Measure, are these three. 1st, To
 prevent the Payment of a higher Dividend than
 the Circumstances of the Company can afford,
 without endangering their Credit, which, if it was
 to be shaken, might not only affect this Company,
 but the whole publick Credit of the Kingdom, and
 almost renew the Disasters of the South-Sea Year.
 2^{dly}, To regulate the Dividend in such a manner, as
 to put an End to the Fluctuation of this Stock, which
 if allowed to go on, is not only likely to introduce
 amongst the trading Part of the Kingdom, and parti-
 cularly of this Metropolis, a most pernicious and in-
 curable Spirit of Gaming, but must also tend to keep
 down the other Stocks, the Rise of which, is one great

Means

Means of reducing the Interest on the national Debt, and of lowering the Interest of private Securities for the Benefit of Trade. 3dly, That no Incroachment shall be made by any Dividend of the Company, at present, upon the late territorial Revenue ceded to the Company, that so the Claim of the Publick to these Acquisitions, may remain undecided till Parliament shall come to a final Resolution upon it.

It has been proved by the Examinations of Mr. Rous the Chairman, and Mr. Warren the Accomptant, before the House of Commons, that the Company's Trade before our late Advantages, on a Medium of many Years, has yielded a Profit on the homeward Cargoes, of 400,000 *l.* according to Mr. Rous's Evidence, and of 500,000 *l.* by the Evidence of Warren the Accomptant; and as Warren refers to a particular Account made up by him from the Books, there can be no Doubt that his Evidence is most to be depended on. The Profits on the Cargoes outwards, Mr. Rous states at 20 *per Cent.* or 100,000 *l.* on the whole; and as Goods to the Value of between 400,000 *l.* and 500,000 *l.* are sent out, the outward Profit may fairly be reckoned 100,000 *l.* agreeable to Mr. Rous, and the total Profit outward and homeward 600,000 *l.* But in every way supposing Mr. Rous to be right, and further, supposing that the outward Profit as well as the inward is included in the 400,000 *l.* mentioned by him, it is clear, that reckoning our Trade not to increase, as it certainly must, the former Profits will allow of 12 $\frac{1}{2}$ *per Cent.* without taking into the Computation, that we shall have any other Advantage from the late Acquisitions, except the being relieved of Military Charges in *Bengal*, and without supposing

as well
Warren

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the

the Company to get any Thing from its former undisputed Possessions, in *India*, tho' these amount to 439,000*l. per Annum* *.

With regard to the real Credit of the Company, when we take into Consideration the State of their Affairs in *India*, as well as at home, there cannot be a Doubt that their Credit stands upon a very solid Bottom. By the Evidence produced to the House of Lords, it appeared, that if the Company was now to give up their Charter, and finish their Affairs, they could not only pay all their Debts, and repay their Capital, but divide 300 *l. per Cent.* more, reckoning their antient Revenues in *India* at no more than five Years Purchase; so that the Stock at that Rate ought to be now worth 400 *l. per Cent.* without Regard to the Value of their exclusive Trade during the Term of their Charter, which is certainly rendered much more valuable by the late Acquisitions, supposing them to belong solely to the Publick †.

As the Credit of the Company, including their Effects in *India*, stands therefore upon so solid a Bottom, and that their Trade alone can afford a

* The Capital Stock of the Company, tho' nominally 3,200,000 *l.* is only 2,800,000 *l.* as only 87 $\frac{1}{2}$ *per Cent.* was paid in, so that the Proprietors are still answerable to their Creditors for 400,000 *l.* not yet paid, but the Dividend is paid in Proportion to the nominal Stock.

† By the printed Account produced to the House of Lords, and supported by full Evidence at the Bar, of which a Copy is annexed; it appeared that the Company's Effects in *India*, and at Home, amounted to above *Nine Millions* Sterling, after paying all their Debts of every Kind, and repaying their Capital advanced.

Dividend

Dividend of much more than $12\frac{1}{2}$ *per Cent.* the Question arises, Whether there is any Necessity to oblige them to pay off their surplus Bonds, before they are allowed to make such a Dividend as their Trade can afford. When the Affairs of the Company were in a very inferior Situation, the Legislature allowed them to borrow to the Amount of Six Millions; and as their Effects must always greatly exceed the Amount of the surplus Bonds, there does not seem to be any Risque attending their Credit, tho' that Debt should be allowed to remain, especially as these circulating Bonds have proved a very great Convenience in the Trade of this Country.—However, if it is judged more prudent to pay them off, the Company may very fairly desire a reasonable Time to pay them, without, in the mean while, excluding the Proprietors from enjoying, in some Degree, the Fruits of the present flourishing Situation of their Affairs.

It would seem therefore, that there can be no Ground for objecting to the Dividend of $12\frac{1}{2}$ *per Cent.* on account of the Company's Credit, or that the $12\frac{1}{2}$ *per Cent.* Dividend can encroach at all on the late territorial Acquisitions. But supposing that the Company's Effects in *India* are to be entirely left out of the Account, as a solid Foundation of Credit; yet if the Company shall be possessed in *England* of Effects sufficient to pay these surplus Bonds, though these Effects may require some Time to be brought into Money, surely so far as Credit is concerned, the Possession of Goods is nearly equal to the Possession of Money, and if the Price of these Goods is regularly applied to pay off the Bonds, the Views of Government will be fully answered.

It

It appears that when the Cargoes of the next Summer are arrived, a great Part of which are already on Ship-board, the Company will be in this Situation, for it will then be possessed of Effects in *England*, sufficient, within a Trifle, to pay off the surplus Bonds, and all other Debts: It appears by an Estimate given in to the House of Commons, that the Cargoes of the last Summer amount, after deducting Freight, Customs, and Charges, to 1,817,768 *l.* the Cargoes of the next Summer ought to be much more valuable; but supposing them the same, the two Cargoes will be

L. 3,635,536

Out of this will be payable the following Sums:

Two Years Agreement to Government Indemnification for Tea-Duty, Two Years, - - - - -	800,000
Cargoes outward to <i>India</i> , two Years, - - - - -	200,000
One Year's Dividend at 10 <i>per Cent.</i> to Midsummer 1768, - - - - -	900,000
One Year's Dividend at 12 $\frac{1}{2}$ <i>per Cent.</i> to Ditto 1769, - - - - -	320,000
Two Years Interest on Bonds and Annuities, - - - - -	400,000
Salaries and contingent Charges, two Years, - - - - -	101,432
1600 Recruits yearly, for two Years, at 20 <i>l.</i> - - - - -	20,000
	64,000
	<u>2,805,432</u>
Balance, - - - - -	830,104
In Summer 1769 will arrive in Silver, - - - - -	500,000
	<u>1,330,104</u>
	Several

Several of the above Articles, stated as payable out of the two Cargoes of 1767 and 1768, will not be due till Summer 1769, before which Time the Bullion will be arrived. The Payments to Government are at *Lady-day* 1768, *Lammas* 1768 *Lady-day* 1769, and *Lammas* 1769, so that the second 400,000 *l.* to Government will only fall due in 1769, and the *Lammas* Payment of 200,000 *l.* will be made after most Part of the Ships of that Summer are arrived. The Tea-Indemnification will stand on the same Footing; the first Year's Payment of that Indemnification is due in *September* 1768, and the second Year's Payment in *September* 1769. The Price of the outward Cargoes are not payable immediately; but upon a certain Credit: The half Year's Dividend of $12\frac{1}{2}$, payable at *Midsummer* 1769, will not be due till *August* or *September* 1769, so that a much larger Sum than the Amount of the Silver expected, will not be payable till after its Arrival; and the Cargoes of that Year will be another Security added to support the Company's Credit.

If the Company are restrained from an Increase of Dividend till their surplus Bonds are paid off, this being an indefinite Time, and depending on the Directors to retard or accelerate, will give Rise to a Scene of Stock-jobbing and Uncertainty, more pernicious than any Thing hat has yet happened, and will greatly retard the Rise of the other Stocks. This is a Consideration of the most serious Consequence, and must affect the Mind of every virtuous and honourable Man.

To obviate therefore the striking Objections against the proposed Method of restraining the Dividend,

vidend, and at the same Time to answer every fair and reasonable View of the Legislature, it is proposed, that instead of fixing an indefinite Time of Restriction, Government should now form an Opinion from the Evidence before Parliament, and such further Evidence as they can obtain from the Company, at what Time the Company will be actually possessed in *England* of Effects sufficient to answer these surplus Bonds as well as their other Debts, and that the Increase of Dividend should be allowed to commence at that Period; but in order to give time to convert these Effects into Money, and to apply that Money for paying off these Bonds, that the Dividend should be restrained to $12\frac{1}{2}$ per Cent. for four Years.

Upon this Plan it is thought the Dividend of $12\frac{1}{2}$ per Cent. may commence at *Christmas* 1768. For in forming this Calculation the utmost Strictness is not to be required, because the Company Effects in *India*, their Warehouses and Buildings at Home, and the 400,000*l.* not paid in of their original Capital are an ample collateral Security to their Creditors for every Deficiency that can be supposed during the first Year.

By the Directors Account of the Time the Goods which were on hand in *May* 1767, would be sold and paid for, they allowed that the whole would be in Cash before *November* 1769; and it is the Practice to sell off the Cargoes within a Twelvemonth after they arrive.—At this Rate, allowing 18 Months for converting each of the Cargoes, 1767 and 1768, into Money, the one would be in Cash in 1769, and the other in 1770; and as the Restriction of Dividend is proposed to be for four Years from *Christmas* 1768, that Restriction

striction would continue till *Christmas* 1772, two Years after the utmost Time necessary for bringing those Cargoes into Cash; and before that Time four other Cargoes would be arrived in *England*, viz. those of Summer 1769, 1770, 1771, 1772, which cannot be reckoned worth less than *eight Millions Sterling*, after deducing Freights, Customs, and Charges.

It may perhaps be objected, that no Allowance is made in this Account, out of the Cargoes of 1767 and 1768, for Bills drawn from *India* in favour of the Company's Servants abroad, for the Purpose of remitting their Fortunes. These Bills have sometimes amounted to 300,000 *l. per Annum*.

It appears that the Bills falling due in 1767 make Part of the Debts stated in the above Account of the 11th of *May* given into Parliament, so that this Objection can only apply to the Bills which will fall due in the Year 1768.

It must be admitted that these Bills could only be drawn in favour of Persons who paid the full Value to the Company's Treasury in *India*, and therefore these Bills can never be considered in the light of Debts, since the Company have already received their full Amount. It is true, this Money is in *India*, and the Bills are payable in *England*, but it can never be said, that the Company ought to be restrained as to the Amount of their Dividend, on account of this Accommodation afforded to their Servants, or that their Credit can or ought to be affected by such a Transaction. As the Company has some time ago lowered the Rate of Exchange upon Remittances of this Sort, it is proba-

ble the Number of Bills are much less this Year than usual; and it is in the Power of the Company to put an End to these Sort of Transactions, if they are thought to endanger the Company's Credit, by allowing their Servants to remit their Money by Means of the other *European* Companies. Nor would there be any thing improper or impolitic in such a Measure; for it would not be for the Advantage of this Kingdom to annihilate the other *European East India* Companies, if it were in our Power: A great Part of the *English* Importations are consumed abroad, and find Access there, because the same Sort of Goods are imported by foreign Nations into their own Countries. If we had the sole Trade to *India*, these Nations would certainly prohibit our *India* Goods: Besides, if foreign Nations do remit the Money of the Company's Servants, or of the Company itself, they must do it because they have Occasion for that Money in *India*, and because it saves them the Expence of sending out Bullion; and therefore they must give a Premium to get the Money, or at least they must save the Remitters a Loss which they would sustain in bringing the Money home in any other Way; so that either Way there must be a Gain to the Subjects of this Kingdom; and this is similar to the Question of insuring the Enemy's Ships in Time of War, which every Body allows to be a wise and politic Measure.

It has been insisted upon, as a sufficient Answer to every Thing that can be urged in favour of the Proprietors, that the Company ought not to be allowed to encrease their Dividend, although they should have in *England* Goods for Sale in their Warehouses, not only equal to all their simple
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Contract or Book Debts, but also sufficient to pay off their surplus Bonds, until those Goods are actually converted into Money, and the Debts paid.

This Argument has been already sufficiently obviated. The Objection seems to carry the Idea of Security to the Company's Creditors, beyond any Thing that is consistent with the Rules of ordinary Reason, and evidently proceeds from an Over-Refinement. As the Profits of the Trade alone can afford more than the Dividend proposed, even if these Profits should not encrease, as they certainly must, and that the Company will have Effects in 1769, reduceable into Money in the Course of 18 Months or less, sufficient for all Demands, it is impossible to imagine, without straining beyond Measure, that the Creditors of the Company can be insecure, or that it is necessary to delay the Dividend till these Goods are actually sold. The Creditors of the Company are under no Impatience for their Money, not even those who have Book-Debts; and as to the Bond-Creditors, nothing would be more disagreeable to them, than the being paid off, as the Bonds sell at a Premium, and are of great Use in the Commerce of this Kingdom. It is surely then sufficient, so far as they are interested, that Goods are in *England* to pay them, and that in the Course of 18 Months these Goods will actually be sold, and the Money paid to them sooner than they could wish; and that in the mean time other Cargoes will be continually arriving with more Goods as an additional Security.—Besides that, the Company's immense Wealth in *India* must be considered as at least an exceeding good collateral Security to these Creditors, for so short a

Time as will be necessary to bring the Goods at home into Cash for their Payment.

It appears by the relative Account given in to the House of Commons in *May* 1767, that the whole Goods then on hand would be in Cash before *November* 1769; and by another relative Account, that the whole Debts would not be due till 1770. It is also admitted by the Directors, that the Cargoes of last Summer 1767, will be in Cash by *September* or *October* 1768; and in all human Probability the succeeding Cargoes will be sold off within a Year after they arrive; so that the Difference between Goods and Cash is only the Delay of one Year for reducing the Goods into Money.

The delaying the Increase of Dividend for one or more Years, on this Pretence, is attended with great Injustice to private Individuals. As the Price of the Stock depends upon the Dividend, those whose Affairs oblige them to sell out of the Stock in the mean Time, must do it at a great Loss, which is just so much Money taken from them by an Act of Violence, supposing the Increase of Dividend is unnecessarily delayed; and surely, if it is delayed upon so imaginary an Idea, as that of the Company's Creditors being insecure, when, besides the Wealth abroad, there are Goods in *England* to pay them, it is unnecessarily and arbitrarily delayed. If the Bonds ought not to be paid off, the proper Method of raising a Security, to answer them, if Goods are not a Security would be to allow the Company to increase their Capital by a Subscription Loan to Government, equal to the Amount of the surplus Bonds, in place of delaying the Dividend on that Pretext. This Method would be
attended

attended with no Injustice ; the other Method of restricting the Dividend by an Act of Power, seems attended with the greatest.

Another Idea has occurred as an Objection to the Encrease of Dividend, that the Company ought not to divide, till they have the Money in their Treasury for paying the Dividend, after all their Debts are paid. Upon this Principle, no Dividend ever made by this Company, has been lawful. For, as by the bye Laws, the Dividend must be declared six Months before it is payable, upon this Principle, the Money must be in the Treasury at the Time of the Declaration, and must lye there six Months. This proceeds from the same erroneous and unmercantile Idea, as if nothing was to be regarded in a trading Company, except actual Cash, whereas the Principle of Commerce is to have as little in actual Cash as possible. If this Idea was to be followed out, to its full Extent, it would destroy all Regularity in the making of Dividends, and would introduce the greatest Confusion with respect to the Value of the Stock. The Company in the Course of its Affairs must at some particular Times have more Money in its Treasury, at other Times less; the Money must some Years be paid to the Treasury sooner than during other Years, and according to this System, the Dividends ought to vary accordingly ; and one Year the Company ought to pay a large Dividend, the next Year a less ; at some Times it should pay the Dividend half-yearly, at other Times, when the Money comes in faster, it should pay it quarterly, or monthly. In short, it is plain, that the only Rule in common Sense for fixing a Dividend in a Stock of this Kind, is by forming a Calculation, what are the Profits of the Company's Trade at a Medium of several Years ; and
if

if it has always Effects amply sufficient for all its Debts, and to repay its Capital, the Dividend may be fairly fixed at nearly the Amount of its annual Profits, without regard to the temporary Variations which must happen in the Course of every Trade, of more or less Money coming into its Treasury at particular Periods. As on the one Hand, it is dangerous to publick Credit, and indeed, fraudulent, to make a Dividend higher than the Company's free Profits and total Circumstances can afford; so, on the other, it is improper and indeed unjust to make too low a Dividend; and such a Measure must necessarily occasion Stock-jobbing and great Fluctuation of Stock, from the Opportunity it gives of exciting Hopes and Fears.

As the Company has contracted no Debts, either upon Bonds, or as the Price of Goods, but what it was intitled by Law to borrow*; as there are Goods in *India*, and at Home, more than sufficient for all its Debts, and even to repay its Capital, and 100 *per Cent.* above the present Price of the Stock; or, in other Words, to pay to each Proprietor 400 *per Cent.* in place of his Stock; as the Cargoes of next Year will bring Goods to *England*, sufficient for the Security of the Bondholders, and the Proprietors are answerable to these Creditors for 400,000 *l.* not yet paid in of their Capital Stock; as the Company is possessed of a

* This was fully proved by a Pamphlet published last Year, entitled, "A short View of the Laws now subsisting, with respect to the Powers of the *East India* Company to borrow Money, &c." printed for *W. Nicoll*, St. *Paul's* Church-Yard. No Person, since the Publication of that Pamphlet, has pretended to doubt of the Company's Powers by Law.

free

free Trade, yielding 600,000 *l. per Annum* of clear Profit, and has Revenues in *India* never disputed, sufficient to defray every Expence there ; it seems to be a Stretch of Power to restrain the Dividend below $12 \frac{1}{2}$ *per Cent.* which is all the Proprietors ask at present, under Pretence of Danger to the Company's Credit, or of Risk to their Creditors ; and it is most extraordinary, that this Idea of Risk should take its Rise at this Time in particular, when the Company's Credit stands higher, and on a surer Foundation than it ever did at any Period, since its first Establishment.

The Account made out by the Directors, to show, that the Company will not be in Cash to pay an additional Dividend, before the temporary Agreement expires, supposing it to be fairly stated, proceeds upon this false Principle, that every Book Debt due by the Company ought to be instantly discharged, as if the Company had exceeded its Powers in contracting them, and that in the present flourishing State of the Company, it is necessary to suppose, that it is on the Brink of Ruin, and that no Delay, no Indulgence, is to be allowed to it with respect to any of its Debts, tho' its Creditors of every Kind are satisfied, and make no Demand ; and that the Company ought not to enjoy in the mean Time the most moderate Advantage from its Success, but is to be strictly restrained by the Hand of the Legislature. These Sort of Maxims go so much against the natural Feelings of Mankind, that they cannot be right. The Legislature ought not to affect, or injure private Property by Restraints, unless so far as some great public Good counterbalances the Injustice done to Individuals ; and surely this Phantom
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of Danger, at this Time, to the Company's Credit, which has got Possession of some People's Minds, cannot be reckoned a fair Ground for so strong an Act of private Injustice.

The Idea upon which the Bill is now formed, is that of restricting the Dividend to 10 *per Cent.* till the temporary Agreement with Government expires. Tho' this has the Appearance of delaying the Encrease for a Year only, yet in Fact it delays it for two Years. The Agreement expires in *February* 1769; and by the Acts of last Session, no Dividend can be voted, but at a quarterly Court. The first quarterly Court after the Expiration, will be in *March* 1769. And as six Months previous Declaration is necessary by the bye Laws of the Company, before any increased Dividend can be payable; and that the Dividends on this Stock are payable only at *Midsummer*, and *Christmas*; the first Payment of the increased Dividend cannot therefore be sooner than *Christmas* 1769, which is two Years, reckoning from this Time. This is surely a very strong Measure, if the State of the Company's Affairs do not absolutely require it, and that they do require it, there is not the Shadow of Evidence.

If it is said, that it would be improper to make any Regulation with respect to the Dividend, to have Effect beyond the Expiration of the temporary Agreement, because, till a new Agreement is made, it cannot be known upon what Footing the Company will stand: The obvious Answer is, that whatever shall be the Terms of the new Agreement, there cannot be a Doubt, that the Company can divide 12½ *per Cent.* for 4 Years. The free Profits
of

of their Trade, are more than sufficient for this Purpose; and it has been shown, that by the Cargoes of next Year, and the half Million expected in Silver, all their Debts will be paid off, including the surplus Bonds. In this way of computing the Company's Funds, the territorial Acquisitions are entirely left out of the Account, except that it is supposed, that the military Expence in *Bengal* will be defrayed out of the territorial Revenues.—If, on the other Hand, by the new Agreement, the Company shall be allowed any Share of these Revenues, and even if the Company shall be only reimbursed out of them, for the great Expence of making the Acquisitions, in either Case, the Circumstances of the Company will be much improved. But, tho' the Publick should take the whole, yet still the $12\frac{1}{2}$ per Cent. cannot be thereby affected, so that the new Agreement does not in any respect enter into this Question.

It has been acknowledged, that the Bill for rescinding the Dividend of $12\frac{1}{2}$ per Cent. last Year, was not expected to prevent the pernicious Practice of Stock-jobbing, which, in fact, it has greatly promoted; but was meant, it is said, to prevent a Practice of raising Dividends beyond Bounds, and of enhancing, by that Means, the Price of Stock beyond its real Value, which might be attended with dreadful Consequences. The enormous Fluctuation of Stock occasioned by the last Bill, is therefore allowed to have been a disagreeable Consequence attending that Measure, tho' the Measure itself is said to have been on other Accounts necessary.

Surely, if the real Motives of the Conduct of the Ministers, was the publick Good, by a fair Li-
D
mitation

mitation of Dividend, they must be willing to adopt any Plan which can fully answer the good Purpose of preventing a fallacious Rise of Stock, and can at the same Time produce no unusual and pernicious Fluctuation.

This would be the Effect of the Plan proposed. If the Dividend is limited till *Midsummer* 1768, to 10 *per Cent.* and for four Years after, to 12 $\frac{1}{2}$ *per Cent.* which the Company are clearly able to afford, the Stock would rise to its true Value in a short Time, and would remain at that Price till near the End of the four Years, with as little Fluctuation as the 4 *per Cents.* unless some uncommon Disaster should happen to the Company's Affairs.

Some Persons have found Fault with the Order sent out by the Directors, for sending home half a Million in Bullion, from an Idea that *India* will be drained of the Money necessary for its Circulation, and that our Trade will be thereby in Danger of suffering.

If this Opinion had any solid Foundation, it might be answered, That if *India* will be hurt by such a Drain, *England* must in the same Proportion be benefited by an Influx of Coin; so that the Advantage on the one hand ought to counterbalance the Disadvantage on the other.

But in fact the Opinion is groundless. It has been a vulgar Prejudice in every Nation, that the Exportation of their Coin or Bullion was destructive, and Laws have been every where made to prevent it; yet it is certain, that this vulgar Apprehension is imaginary, and that such Laws are hurtful to Commerce, and turn the Course of Ex-

Exchange against the Kingdom which executes them with Rigour.

It is an undoubted Fact, that Money must and will flow into every Country where Arts and Industry prevail, and that it is as impossible to prevent its coming there, as to prevent Water from running downwards. It was said that *Scotland* would be ruined by the Union with *England*, because almost the whole Land-Rent of the Kingdom would be spent in *London*; but the direct contrary has proved to be fact: A great Proportion of the Land-Revenue of *Scotland* is indeed spent in *London*, but *Scotland* is, notwithstanding, in a flourishing State, and is now advancing in Industry, and in Wealth as its Consequence. *Bengal* is possessed of Industry and Arts to an uncommon Degree; if Peace shall continue, these must be greatly encreased. It is impossible to drain a Country, so circumstanced, of its Coin or Bullion, which must of necessity flow into it from all Quarters.

A certain Quantity of Coin, and no more, can be employed in Circulation. Money and Bullion have been carried from this Side of the Globe to that Part of the World for Centuries, and yet, to appearance, it contains no more Money at present than it did in the most ancient Times: The surplus Money has been hoarded, and in a great Proportion totally lost. If an established Government takes Place, hoarding of Money will be at an End; and even Paper-Currency will probably, in some Degree, be introduced. Besides, as the Company's Treasure is locked up in *Calcutta*, and is not allowed to go again into Circulation, it is equally lost to the Purposes of internal Commerce,

as if it was lodged in *Leadenball-street* ; and as the Quantity of Treasure must yearly increase, the Possession of so much Treasure in one Place, would prove a Temptation to our Enemies of every Kind to make an Attempt to seize it.

It is allowed, that the encreasing the Quantity of Coin in any Country, tends to encrease the Price of Manufactures as well as of every Thing else ; if so, the gradual Diminution of the Quantity of Coin must have the opposite Tendency, that of diminishing the Price of Manufactures, which, if it happens in *Bengal* by the Measure proposed, must be of great Advantage to our Trade.

It appears therefore, that the Directors have done wisely in ordering the Bullion to be brought home, and have only erred in not ordering the whole to be sent, so far as it could not be invested in Goods. They have also erred, in not accepting of the Offers made them by some of the other *European* Companies, of paying Money to the Company here for Bills on *Bengal*, by which they would have gained a great Advantage upon the Remittance, with the most perfect Security to themselves, and would have saved a considerable Loss which will attend their bringing home the actual Bullion, as Bullion is here of less Value by 10 *per Cent.* at least, than it is of in *Bengal*. Their Reason for this Conduct was probably an Apprehension, that they would by such a Step encourage and assist the rival Companies of other Nations ; a Measure which they imagined would be hurtful to this Kingdom. The Absurdity of this Opinion has been already explained. This Company has now so great Advantages, by their late Successes, over
every

every other *European* Company, that they have no Occasion to deny themselves and this Nation an immediate, clear, safe, and considerable Profit in the Mode of remitting their Treasure, on account of the ill-grounded Expectation of a greater future Advantage, by means of the Hurt they expect to do to the other Rival-Companies of *Europe*, by refusing them Bills on *Bengal*, and obliging them by that Means to carry out Bullion from *Europe* for purchasing their Investments.

The Directors have also erred, in not sending out Orders to stop the granting Bills on *England* to their Servants, for the Purpose of remitting their Fortunes. As the Company cannot bring home their own Cash, much less the Revenues to which the Publick lays Claim by means of Investments, and must therefore do it in the disadvantageous Way of bringing home Bullion, upon which there will be a considerable Loss; there seems to be no Reason why they should embarrass themselves, by remitting the Money of their Servants, who ought themselves to bring their Fortunes home in Bullion, and undergo the Loss upon it, or remit their Money by Means of the other *European* Companies.

RECAPITULATION of the Maxims maintained by those who oppose the Dividend of $12\frac{1}{2}$ per Cent.

1^{mo}, **T**HAT a Company possessed of Effects in *India*, and at Home, sufficient to pay, not only all their Debts, but to repay their Capital, and to divide 200 or 300 per Cent. more, and enjoying a Trade, which, at the least, yields a Profit of 600,000 *l. per Annum*, ought not to be allowed, to divide 400,000 *l. per Annum* amongst themselves, lest, by that Means, their Creditors should be in Danger.

2^{do}, That the Company's Effects in *India*, are to be considered as no Sort of collateral Security to its Creditors: That the Money paid to their Treasury in *India* by their Servants, for Bills upon *England*, is no proper Equivalent, or Fund of Security for such Bills; that the Goods put on Ship board in *India*, and on their way home, are to be held as nothing, and that the Goods put on board here to be sent to *India*, are from that Moment to be held as annihilated.

3^{tio}, That Goods in the Company's Warehouses in *England*, sufficient for all their Debts, are not to be reckoned a good Security to their Creditors; and that the Dividend ought to be delayed till these Goods are actually brought into Cash, and till that Cash is paid down to their Creditors.

4^{to}, That the surplus Bond Creditors of the Company, who have thought themselves very safe for above 20 Years, and whose Bonds now sell at a Premium, are become insecure, when the Affairs of the Company are more flourishing than they ever were at any one Period.

5^{to}, That there is no Injustice in keeping down for Years the Price of Stock below its real Value, by restraining the Dividend, tho', in the mean Time, in so large a Stock, great Numbers must necessarily sell out at an under Rate, and by that Means, be deprived of a large Proportion of their Property, without any one fair Motive of publick Good, to justify such a Violence committed to their Prejudice.



P O S T S C R I P T.

THERE has been given in to the House of Commons, since the above was wrote, two Accounts, dated 18th *December* 1767, the one entitled, "An Account of the Credits of the *East India* Company, consisting of Cash and Goods for Sale, now in *England*, distinguishing the Times at which the several Goods now in the Company's Warehouses for Sale, will be sold, according to the usual Course of Sales of the said Company, together with the Sums of Money they will produce at such Sale respectively, according to the medium Prices for which such Goods have been sold since 10th *May* last, and the Times when such Sums of Money will be payable." The other Account is entitled, "A State of the Debts of the *East India* Company in *England*, distinguishing the Time at which each Article will become payable, according to the usual Practice of Payments by the Company for such Articles, or according to the subsisting Agreements with the several Creditors, or the Delay of Payments consented to by those Creditors, and also, how long each Article respectively has been owing by the Company."

The Result of these two Accounts, is, that the Debts are made to amount to 7,622,571 *l.* including the whole of the Bond Debt, and also, including one Year's Payment to Government of 400,000, and 100,000 *l.* as one Year's Indemnification for Tea Duty, as well as the *Christmas* and *Midsummer* Di-
E vidend,

vidend, payable in *February* and *August* next, and the Price of the Cargoes sent out this Year, and the Bills drawn from *India*, amounting to 244,332 *l.* for which the full Value was paid to the Company's Treasury in *India*: on the other Hand, the Effects of the Company in *England* for Sale, are made to amount to 5,998,108 *l.* including so much of the 4,200,000 *l.* due by Government, as remains for answering Part of the Bond Debt, after deducting the Annuities. So that, on the Face of these Accounts, there remains a Balance due by the Company of 1,624,463 *l.* of Bond Debt, for which, by these Accounts, there are not Effects in *England* to answer,

These Accounts therefore differ from what is mentioned above; for it has been stated, that the Cargoes which arrived last *Summer*, and those of next Season, would yield about 830,104 *l.* for answering Part of the Bond Debt after all Deductions. The Difference, which amounts to about 400,000 *l.* for the Cargo already arrived, arises, 1st, From stating the 244,332 *l.* of Bills drawn from *India* as a Debt, which, for the Reasons above suggested, is erroneous. 2^{dly}, From computing the Value of the Goods at the Rate of the Sales since *May* last, which, it seems, have been somewhat unfavourable; but, as this has proceeded from no permanent Cause, the Rule of Computation ought to have been the Medium Price of the last four or five Years. 3^{dly}, it is believed, a larger Cargo has been provided to go out to *India* by the Ships of this Season, than in former Years.—But every Short-coming on the Face of these Accounts, will, without doubt, be more than compensated by the increased Value of the Cargoes expected to arrive next *Summer*, and none of the Causes of this apparent Short-

Short-coming do, in reality, affect the real Wealth of the Company; because the Bills from *India* are compensated by the Money paid in to the Company's Treasury abroad; the additional Cargoes to be sent out this Year, will yield an additional Profit to the Company; and the temporary and accidental fall of the Prices at home, will be succeeded by a proportional Rise at the next Sales.

But these Accounts in other Respects confirm, in the strongest Manner, every material Argument above stated; for it appears, that the Sum of all the Debts which can be demanded of the Company, from this Time to the 31st of *May* next, as stated in the six first Columns of the Account of Debts, amount only to - - - £. 2,490,354

To which the Amount of the surplus

Bonds being added,

1,690,564

The whole Debts, which the Company can be called upon to pay before the Cargoes of next Year begin to arrive, is only - - - - -

4,180,918

But it appears, by the Account of Effects now in *England*, that these amount to 5,998,101 *l.* even when valued at the late unfavourable Prices; from which, deducting the above Sum of 4,180,918 *l.* it appears, that the Effects exceed all the Company's Debts, which will be due before the next Cargoes arrive, including the whole surplus Bonds, in the Sum of 1,817,090 *l.*

With respect to the remaining Debts, the Cargoes of next *Summer* will come in full Time to answer as a Security for these; and even upon the Principles of those Persons who think the Company's

Effects abroad are not to be regarded, it surely can hardly be maintained, that Goods in the way home are not to be reckoned a proper Fund for Security of Debts, which will not be due till after their Arrival.

Another Observation occurs upon these Accounts, that adding together the whole Debts which will be due on or before *February* 1769, when, by the above Proposal, the first Payment of the Dividend of $12\frac{1}{2}$ *per Cent.* ought to become due, they amount to - - - £. 4,082,306

And on the other Hand, adding together the several Sums for the Price of Goods which will be payable to the Company on or before *January* 1769, these amount to 3,898,376

So that the Debts, exclusive of the Bonds, supposing it necessary to pay every one of them immediately when due, would exceed the Prices of Goods received,	183,930
To which add half a Year's Dividend at $12\frac{1}{2}$ <i>per Cent.</i> - - -	200,000
There would be wanting in <i>February</i> 1769 the Sum of - - -	<u>383,930</u>

This, at first Sight, seems against the Encrease of Dividend, but it is equally against any Dividend at all; for, independant of the half Year's Dividend, there appears a Deficiency of 183,930 *l.*

A plain and obvious Answer occurs however to this seeming Difficulty. The two Accounts take no Notice of the Cargoes of next Summer, a great Part of which will be sold and in Cash before

fore *February* 1769: Part of these Cargoes will be exposed at the next *March* Sale, which continues till *June* or *July*; and a much greater Part will be exposed at the *September* Sale. It appears by one of these very Accounts, that Goods sold in *May* are paid for in *August*, and Goods sold in *September* are paid for in *November* and *January*; so that reckoning Goods to the Value of half a Million only to be sold of the next Cargoes, at the next *March* and *September* Sales, there will be an ample Sufficiency, not only for the $12\frac{1}{2}$ per Cent. Dividend, but for all the Debts, exclusive of the Bonds, supposing there were any Necessity to pay them all at the Times stated in these Accounts. This Observation proceeds upon the Directors Idea of regulating the Dividend upon the Footing of the Company's Cash-Account, which has been shown to be an erroneous System; but it appears, by what has been now stated, that even upon that erroneous Principle there can be no Objection to the Payment of half a Year's Dividend, at the Rate of $12\frac{1}{2}$ per Cent. in *February* 1769.

Another Account has been also produced a few Days ago to the House of Commons, which suggests some Remarks: It is the annual Account of the Company's Affairs made up to *June* last, and deposited in the Iron Chest with triple Locks. By this Account, the Balance in favour of the Company, upon a total View of their Affairs at home and abroad, is made to be 1,561,279*l.* after repaying their Capital and every Debt. From this Balance, by a Notandum annexed, it is said, there is to be deducted for bad Debts and an Article of Expence of Fortifications 449,886*l.* and a List is also

also subjoined of three Debts, which make up Part of the free Balance, *viz.*

Due by the Nabob of Arcot, Ma-	
homed Ally Cawn	£. 523,290
Ditto for French Prisoners, —	176,767
Ditto for Expence of the <i>Manilla</i>	
Expedition	91,532
In all	791,589

It is not, however, said that these are bad Debts; but an Insinuation, it would seem, is meant to be conveyed as if they were so. No Man, however, who knows the Situation of *India* has a Doubt with respect to the Nabob of Arcot's Debt, for which he pays the Company a very high Interest, and for that Reason the Company does not wish to have it paid off; neither can there be a Doubt that the Debt due for French Prisoners, and for the Expence laid out by the Company on the *Manilla* Expedition, in consequence of a Letter from Lord *Egremont*, then Secretary of State, are good Debts which must be recovered, and for which the public Faith of this Kingdom is, in some Measure, pledged.

Let us, however, suppose that the Deduction on account of bad Debts and Fortifications, and the Deficiency which may arise on the three Debts last mentioned, shall reduce the free Balance by this Account to one Million

£. 1,000,000

There remains to be added,

Five Years Purchase of our undisputed Possessions

2,195,000
The

The Profit on the two Years Agree-
ment with Government - - £. 3,297,494

The Value of the Cargoes of last
Summer, so far as they arrived
after the 19th *June*, which are not
included in this annual Account,
either in the quick Stock Ac-
counts from *India*, or in the Ac-
count of Goods at home, *per*
Estimate, deducting Freight,
Customs and Charges, about 1,400,000

The Value of the Fortifications and
Buildings in *India* above the
400,000*l.* stated in this annual
Account, estimating them only at
one half of what has been actu-
ally laid out upon them since the
Year 1750 - - - 615,243

When these Additions are made to
the Balance of this annual Ac-
count, the real free Balance of
Effects belonging at present to
this Company, after repaying
their Capital, will amount to £. 8,507,737
which only falls short of the free Balance stated in
the Account produced to the House of Lords
496,614*l.* in respect of Debts in *India* which are
said to be bad.

F I N I S.

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1873

1873

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